Uniform Business Office Newsletter

Helping frontline users perform their day-to-day jobs

LATE BREAKING NEWS!
Inpatient MAC Rates Effective 6 March 2008
New Audit Requirements
MORE INSIDE

IMPORTANT NOTICE: Due to Privacy concerns, all personal identifiers, e.g., names and personal e-mail addresses were removed from this newsletter. We apologize for this inconvenience. If you have questions about an article, please contact the UBO Help Desk (UBO.helpdesk@altarum.org/703-575-5385)**.**

1. 2008 UBO/UBU Conference Update

Have you registered? If so, you are among the 450 who have currently registered and, if not, there is still plenty of room in all the sessions, but time is running out! This is an excellent opportunity to meet others in your field, exchange ideas and solutions, and network with colleagues. As our slogan suggests, we want to dig deeper into everyone's experiences and share what works for military treatment facilities (MTFs).

> **2008 Conference Dates/Location**
> *31 March - 4 April*
> *National Conference Center (NCC)*
> *Lansdowne, Virginia*
> *REGISTER NOW*

As in past years, there will be seven tracks:
- Two tracks focusing on billing and reimbursement
- Two tracks focusing on coding and data quality
- One track dedicated to Medical Services Account (MSA)
- One track for Third Party Outpatient Collection System (TPOCS) hands-on training
- One track for the Coding Compliance Editor (CCE)

The UBO Web Site has all of your conference needs – brochure; schedule, registration, etc. **Remember**: You must register with your Service Manager to attend the MSA classes held on Monday and Friday and **all** TPOCS classes.

2. Updated Inpatient MAC Rates Now in Effect

For the first time in more than five years, outpatient *and* inpatient Medical Affirmative Claims (MAC) reimbursement rates are the same as the current rates for all other outpatient and inpatient Third Party Collections Program (TPCP) claims. MAC inpatient billing rates were published in the *Federal Register* on 6 March 2008. The rates became effective for patients discharged on and after this day. For example, if the patient was discharged 5 March, use the prior rates.

MAC reimbursement rates are used when medical treatment is furnished by an MTF to patients who are injured by a third party. The Office of Management and Budget must approve all MAC reimbursement rates. Outpatient MAC billing rates were updated 21 November 2007. Pharmacy rates are updated more frequently. All rates are available on the UBO Web site.

3. New Audit Requirements
In response to a TPCP audit report by the DoD Inspector General (IG), Assistant Secretary for Defense (Health Affairs) S. Ward Casscells, MD, approved a policy memorandum addressing TPCP collections audits. The DoD IG report recommended additional steps to be taken during the audit. Specifically, the audit must test whether:

- MTFs have billed insurance providers for patient encounters where other health insurance information exists in the Composite Health Care System (CHCS); and

- MTFs have adequately followed up on collections from insurance providers.

In accordance with the DoD IG TPCP audit report, these recommendations will be incorporated into the next revision of the UBO Manual. Until that time, MTFs should refer to the 27 February 2008 memorandum for guidance. The memorandum is posted on the UBO Web site

> *MTFs must correct TPCP deficiencies found during the compliance audit.*

4. TPC Collectible and Non-Collectible Report Provides a New Look at MTF 2570 Data
Did you know?
- Fewer than half of $263.1 million reported by MTFs on 2570s as Third Party Collection Program Billed Amounts for Outpatient and Inpatient care furnished in FY2005 is collectible.
- While the MTF collections of $106.0 million for care furnished in FY2005 are only 40% of the billed amount, they are 87% of the maximum possible MTF collections.
- Analysis of the various categories of denials for payment of those FY2005 billed amounts can provide MTF staff with insight into how they can improve future collections.

You can find even more facts in the *Third Party Collections Metrics Report,* which analyzes the billing and collections data submitted by MTFs quarterly in DD 2570 reports. For more details, see the attachment to this newsletter.

5. TRICARE Does Not Use Medicare Severity Diagnosis Related Groups (MS-DRGs)
Beginning FY2008, the Centers for Medicare and Medicaid Services (CMS) implemented a new type of Diagnosis Related Groups (DRGs) to be used in its Inpatient Prospective Payment System (IPPS), which reimburses hospitals for the inpatient portion of many cases. The new DRGs used by Medicare, called Medicare Severity DRGs (MS-DRGs), take into account multiple levels of severity of a patient's condition as part of the process of assigning a specific DRG to a case.

TRICARE did not adopt MS-DRGs for use in FY2008. TRICARE continues to use its existing DRG assignment approach that does not necessarily take severity of illness into account. This is due, in part, because the TRICARE patient population tends to be younger with fewer chronic illnesses compared to the Medicare patient population. Additional information about MS-DRGs and future applications to the TRICARE is attached to this newsletter.

6. New Compliance Resources on the UBO Web Site

The Policy Page of the UBO Web site has new compliance templates and supporting guidance. These documents serve as a starting point for MTF UBOs. You will need to customize them so they are applicable to your billing operation. Remember, the only thing worse than not having a compliance program is having one that's being ignored!!! Special thanks to the UBO Advisory Working Group (AWG) members for their input and to Jo-El Onstad of Army UBO for all of her hard work.

7. SIT Clean-Up Has Begun – MTFs to Participate

The time has finally arrived to clean up the Standard Insurance Table (SIT). Representatives from the Army, Navy, and Air Force make up the Tri-Service Advisory Group that will review the Health Insurance Carriers (HICs) and recommend which ones will remain on the table. Detailed business rules for the clean-up are posted on the UBO Web site.

Beginning with the Mailhandlers Group insurance carrier, the list of 30 HICs and the corresponding Other Health Insurance (OHI) was distributed to the Tri-Service Group. Once the group finishes its review, the list of HICs recommended to remain on the list will be sent to the Service UBO Managers for distribution to MTF UBO Managers. The list will be divided between those HICs recommended to remain on the SIT and those slated for deactivation.

Once you receive the recommended list of HICs:

1. Review the list of Mailhandlers HICs slated to remain on the SIT.
2. Contact the Verification Point of Contact (VPOC), **only** if there is a HIC that your MTF would like to retain.
3. Re-point your OHI to the recommended HIC(s) within **60 days** of receipt of the list. Specific dates reflecting the 60-day window will be included.

The unused HICs will be deactivated after the 60-day window.

The HIC clean-up cycle will continue as we gradually chip away at all of the insurance carriers on the SIT. Be sure the table is queried before attempting to add a new HIC. The UBO's VPOC is your communication link on these issues. MTFs must submit a commercial telephone number with all HIC entries. With your cooperation, we will all benefit from a smaller, more functional SIT.

> *Review the SIT/OHI Business Rules on the UBO Web Site to keep the SIT clean. The rules will be strictly enforced.*

8. UBO Pharmacy Rate Table Update Will Contain ALL OTCs

Billing over-the-counter drugs will be re-instated when the Pharmacy Rate Table is updated this summer. After much Tri-Service discussion about the amount of missed billing for interagency prescriptions – e.g., Coast Guard, Public Health – and DoD employees overseas, it was decided to re-instate OTC billing. The AWG carefully balanced the amount of TPCP work – e.g., generating a relatively low cost bill, forwarding the bills to the payor, receiving a denial due to non-coverage, adjusting the original bill to zero – with the anticipated MSA and TPCP collections. They also considered the labor involved in paper versus electronic billing. The Army UBO funded the system changes to support TPOCS electronic pharmacy billing as the change will basically only improve Army and Navy billing. Most AF pharmacy is already e-billed. It is recommended that MTFs not currently e-billing pharmaceuticals transition to e-billing as soon as possible to mitigate the additional TPCP work that has little to no collection potential.

9. Notes from the UBO Helpdesk

Report all functional billing problems to your UBO Service Manager. Report technical problems – e. g., hardware, software, computer issues – to the MHS helpdesk. Elevate unresolved table or policy issues to the UBO Help Desk. Be specific when describing a problem. That way we can resolve it quickly.

10. CY2008 Medical and Dental Rate Package – Your Help Is Needed!

Are you looking for a rate? Are the CPT/HCPCS code and rate mapping to the wrong bill form? Then we need your help.

The Calendar Year (CY) 2008 Outpatient Itemized Billing (OIB) Rate Package is currently under development. We want to correct as many issues as possible by mid-April. Since the UBO is only funded for one outpatient rate update per fiscal year, we want to make as many corrections a possible. If you have already submitted either a TMA UBO Helpdesk question or an MHS Helpdesk Trouble Ticket— and it is rate related— then we have researched it, and, if systematically possible, the issue should be resolved with this rate update. If you have not reported your issue, then there is a good chance we do not know about it— and therefore cannot fix it.

We appreciate everyone who takes the time to report his rate related issues. The OIB Rate Update is expected to be released this summer. Look for details in the next quarterly newsletter.

11. CSET v4 is COMING!

Cosmetic surgery is one of the OIB rates that will be updated this summer. The Cosmetic Surgery Estimating Tool (CSET), developed to help MTFs estimate the cost of a cosmetic procedure, will be revised to reflect several changes. In particular, new CPT codes will affect how cosmetic surgery procedures are estimated. For example, Botox is currently estimated with unlisted CPT codes 17999. Patients incur a separate charge for the Botox drug. CSET v4 (2008) will change this. Botox will be estimated using CPT codes 64612-64614. In addition, the estimated cost of the procedure will include the drug, so the patient will <u>not</u> incur an additional fee. Other changes include adding new codes for piercings (ears and other body parts).

When CSET v4 is released to the field for testing, you must still use the old version to estimate cosmetic surgery procedures that will be performed prior to the OIB Rate Package implementation date. Use CSET v4 for procedures scheduled after the OIB Rate Package implementation date. Note that the OIB Rate Package implementation is projected for summer, but an exact date has not been established yet. Contact your Service UBO Manager for further details.

12. Special Announcement: AHLTA Completes Testing on CY 2008 CPT/HCPCS Code Sets.

Finally! The Systems Administrator at your CHCS Server will schedule the updates to the Coding Compliance Editor (CCE), CHCS and AHLTA soon. The CPT codes are loaded in CHCS and pushed from CHCS to TPOCS.

MTF UBOs do not need to take any action to update TPOCS, except to be aware of when the update will occur. When the update happens, CPT codes that were inactivated in the civilian sector as of 1 January 2008 will no longer have pricing and cannot be billed by MTFs. The new CY 2008 CPT/HCPCS codes will not have pricing until the summer Calendar Year 2008 rate table update. The CCE announcements are available through the TMA UBO website.

Abbreviations/Acronyms in This Newsletter

AWG	Advisory Working Group, UBO
CCE	Coding Compliance Editor
CHCS	Composite Health Care System
CITPO	Clinical Information Technology Program Office
CMAC	CHAMPUS Maximum Allowable Charge
CMS	Centers for Medicare and Medicaid Services
CPT	Current Procedural Terminology
CSET	Cosmetic Surgery Estimating Tool
CY	Calendar Year
DEERS	Defense Enrollment Eligibility Reporting System
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DRG	Diagnosis Related Group
DVA	Department of Veterans Affairs
FY	Fiscal Year
HCPCS	Healthcare Common Procedure Coding System
HIC	Health Insurance Code
HIPAA	Health Insurance Portability and Accountability Act
HMO	Health Maintenance Organization
IPPS	Inpatient Prospective Payment System
MAC	Medical Affirmative Claims
MS-DRG	Medicare Severity Diagnosis Related Group
MSA	Medical Services Account
MTF	Military Medical Treatment Facility
NCC	National Conference Center (Lansdowne, VA)
OHI	Other Health Insurance
OIB	Outpatient Itemized Billing
OMB	Office of Management and Budget
OTC	Over-the-Counter
RITPO	Resources Information Technology Program Office
SIT	Standard Insurance Table
TMA	TRICARE Management Activity
TPCP	Third Party Collections Program
TPOCS	Third Party Outpatient Collection System
UBO	Uniform Business Office
UBU	Unified Biostatistical Utility
VA	(Department of) Veterans Affairs
VPOC	Verification Point of Contact

TPC Collectible and Non-Collectible Report – Expanded Article

Third Party Collections (TPC) Metrics Report permits easy analysis of collectible and non-collectible amounts billed by MTFs. It includes a metrics summary that lets users review the past three years of Outpatient and Inpatient TPC data. The summary also provides combined Outpatient and Inpatient data. Data can be viewed at several levels, including Reporting MTF, Reporting Service, and All MHS.

The report uses data about MTF-level Billings and Collections from both Open and Closed Claims to report TPC Metrics. These categories include: Billings, Collections to Date, Potential Collections Outstanding, Maximum Possible MTF Collections, and Amounts Not Collectible. Detailed information is provided about the Amounts Not Collectible to indicate the type of payment denial involved in the MTF's decision to write off billed charges. With the transition to HIPAA claims adjustment reasons, future versions of the report will be even more useful.

For Closed Claims, the report identifies "Front-End" and "Back Office" payment denial categories. "Front-End" denials include reasons the MTF staff could have learned about early in their interaction with patients, such as:

- The patient is not covered for the MTF service provided;
- The patient had Medicare coverage not billable by the MTF; or
- The patient had HMO coverage, but the MTF did not obtain an HMO authorization for the services provided.

The "Back-Office" denials for Closed Claims include reasons the MTF learned about only after filing claims for payment. These categories include

- Amount of Coverage Exceeded;
- Refunds; and
- Patient Co-pay and Deductible – Not Billable.

For Open Claims, the report identifies categories such as:

- Not a Participating Provider; and
- Patient Not Obligated to Pay.

The report also highlights the "Other" categories for both Closed and Open Claims. These are categories for requiring additional information to understand fully the reason for the denials.

In addition to the findings previously cited, other key findings related to billings and collections for care provided in FY2005 include:

- The Maximum Possible MTF Collections for care provided in FY2005 are $121.7 million (46 % of Billings),
- Write-offs through 30 Sep 2007 were $126.5 million (48% of Billings), and
- As of 30 Sep 2007, there were some $15.7 million still Collectible by MTFs (6% of Billings).

The report is available on the UBO Web site. Recommendations for changes or refinements are encouraged. Send suggestions to the UBO Help Desk.

TRICARE Does Not Use MS-DRGs – Expanded Article

The Medicare program implemented MS-DRGs to recognize the potential cost to hospitals of differences in severity of illness among Medicare's patient population, which tends to be an older population with significant chronic illnesses. The use of MS-DRGs in FY2008 means the Medicare DRG grouper software now produces many more specific DRGs than did the prior DRG grouper Medicare used.

While TRICARE program did not adopt MS-DRGs for use in FY2008, MTFs may see unintended uses of the new methodology. For example, MTFs that are part of a VA/DoD Healthcare Resource Sharing Agreement may encounter the difference in the FY2008 TRICARE and Medicare DRG groupers when billing for inpatient services furnished in accordance with the agreement. The VA/DoD Inpatient Billing Guidance calls for the use of the TRICARE DRG grouper, TRICARE DRGs, and a slightly modified version of the TRICARE DRG payment approach to calculate the amount to be billed for inpatient care provided by VA or DoD hospitals. Therefore, billing for inpatient care provided by VA hospitals under VA/DoD Healthcare Resource Sharing Agreements must begin by assigning a TRICARE DRG.

However, since VA hospitals also treat many Medicare patients, they may inadvertently use the FY2008 Medicare DRG grouper for a VA/DoD Sharing patient. If the VA hospital does use the FY2008 Medicare DRG grouper for a VA/DoD Sharing patient, the case will be assigned an MS-DRG that cannot be correctly priced using the TRICARE Modified DRG Payment Calculator. If this occurs, an MTF may need to help its VA partner to understand that the inpatient case must be assigned a DRG using the FY2008 TRICARE DRG Grouper so it can be priced correctly under the current VA/DoD Inpatient Billing Guidance.